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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: September 12, 2007

OeGB Lost Billions Because of Bawag

1. All Austrian media report that the Austrian Unions Association OeGB has lost almost three billion Euros as a result of the failed currency speculations by formerly union-owned bnk Bawag. The OeGB's losses from the Bawag's near-bankruptcy are thus much higher than initially thought, the Union Association's financial officer said. Mass-circulation daily Kurier reports like all Austrian media on the huge losses the Austrian Unions Association OeGB incurred as a result of Bawag's near bankruptcy. The head of the OeGB's finance department, Klemens Schneider, stated at a Bawag trial hearing that the sale of the bank had failed to pay off: The Bawag's vast losses had been far greater than feared, and had eaten up almost all of the OeGB's gains from the sale of the bank, he explained. The damage to the Union Association is this far greater than anticipated, says the Kurier.

Joe Zawinul Has Died

2. Tributes have been flowing for Austrian jazz legend Joe Zawinul, who died yesterday aged 75. Austrian President Heinz Fischer said Zawinul's death meant Austria had lost a "music ambassador known and cherished around the world." The keyboard player and composer is to be given a grave of honor by the city of Vienna. Austria and jazz fans worldwide are mourning the death of legendary musician Joe Zawinul, who died at a Vienna hospital early Tuesday following a battle with skin cancer, semi-official daily Wiener Zeitung says. The daily quotes President Heinz Fischer, who called Zawinul a "music ambassador," and Chancellor Alfred Gusenbauer, who underscored that "Joe Zawinul dedicated his life to jazz and his legacy will continue to thrive." Zawinul was born in Vienna and his first professional jobs were with jazz bands in his home city. In the late 1950's he went to the United States and soon made a name for himself as a pianist, keyboarder, arranger and composer. He eventually teamed up with trumpet superstar Miles Davis and together they pioneered the genre known as electric jazz. Joe Zawinul co-founded Weather Report in 1970, a jazz-rock formation which, for over 15 years, dazzled audiences around the world with its music and performances. More recently Zawinul performed with the Zawinul Syndicate and sponsored a jazz club in Vienna, Joe Zawinul's Birdland, named after his best-known musical composition, writes the Wiener Zeitung.

Call to End Daytime Lights for Cars

3. Austrian Infrastructure Minister Werner Faymann from the Social

Democrats and Interior Minister Guenther Platter from the People's Party announced plans Tuesday to ask Parliament to drop a two-year-old law requiring drivers in Austria to keep their car lights on during the day. A new study has revealed that the law does not significantly improve safety, says semi-official daily Wiener Zeitung.

Euro Hits New Record High

14. The US Dollar has fallen to a record low against the Euro, as investors bet that the Federal Reserve will cut interest rates to help the economy. The US Dollar dropped to \$1.388 per Euro, passing the previous record of \$1.3852 that was set on 24 July. Many analysts are predicting that the Federal Reserve will cut interest rates next week, as it looks to reassure markets and consumers amid a global credit crunch, according to ORF radio early morning news Morgenjournal.

Cooperation against Terror

15. ... is the title of a guest commentary by US Ambassador to Austria Susan McCaw published by a mass-circulation daily on the occasion of the sixth anniversary of the September 11, 2001 attacks. Al Qaeda and other terrorist organizations "remain active worldwide," the Ambassador says, and underscores the "importance of being alert to the threat of terror, and of the need to cooperate." She emphasizes that "terror has no justification. The intentional killing of innocent civilians (...) is a perversion of everyone's spiritual values and accomplishes nothing but despair, suffering and hatred." That is why a "strong basis for transatlantic cooperation" is necessary "in dealing with global challenges," including terrorism, Ambassador McCaw states. Mass-circulation daily Kurier publishes a guest commentary by US Ambassador to Austria Susan McCaw on the occasion of the 6th anniversary of the September 11 attacks in the United States. As the recent arrests of terror suspects in Germany and the videotapes purportedly by Osama bin Laden underscore, "al Qaeda and other terrorist organizations remain active worldwide," says Ambassador McCaw, and underscores the "need to cooperate to deny terrorists access to financing and other resources needed to carry out their plans. The US appreciates Austria's contributions in this regard." In Afghanistan, the Taliban "deliberately target civilians, including children," and the situation is similar in Iraq, "where al Qaeda and other terrorist groups continually seek to destabilize the fragile new democracy there." Terror "has no justification," nor has the "intentional killing of innocent civilians," the Ambassador emphasizes. And despite the "many differences of opinion between the US and Europe," there is a "convergence on both sides of the Atlantic in the way publics view international terrorism, violent Islamic extremism, and other global issues," McCaw says. She points out that there is "agreement that the EU should address international threats in partnership with the United States." She believes that "with a common outlook on the principal threats and challenges we face, the transatlantic democratic community (...) can work better together in facing them."

6th Anniversary of 9/11 Attacks

16. The Austrian Press Agency published a US Embassy press release noting that the three US Ambassadors in Austria, Susan McCaw, Julie Finley and Gregory Schulte, as well as Embassy employees attended a brief ceremony outside the US Embassy building yesterday morning in commemoration of the September 11, 2001 terrorist attacks in the United States Austrian Press Agency APA reports.

Bush to Announce US Troop Reduction in Iraq

17. Later this week, US President George W. Bush is expected to announce plans to reduce US troops in Iraq by about 30,000. White House officials say the cuts will be announced in a major television address. There are currently 168,000 US troops in Iraq, with 30,000 of them having been deployed in the so-called "surge" between February and June of this year. Meanwhile, the top US military

commander in Iraq, Gen. David Petraeus, has faced severe criticism, particularly from Democrats, during two days of testimony in Congress.

All Austria media continue to comment on Gen. Petraeus' report on Iraq and President Bush's expected announcement in a major television address later this week to reduce US troops in Iraq. Regarding the Iraq Report to Congress, mass-circulation provincial daily *Kleine Zeitung* says that Democrats "are outraged over the 'bogus numbers' Gen. Petraeus presented in order to justify why US forces need to remain in Iraq. 1,000 attacks a week are not a sign of improvement," they argue. Similarly, independent provincial daily *Salzburger Nachrichten* says Congress is "rather skeptical" with regard to Petraeus' plans for a long-term US military commitment in Iraq. Petraeus is confident that the US "can reach our goal over time, even if it will not be achieved quickly or easily." Despite his and US Ambassador to Iraq Ryan Crocker's efforts, leading Democrats are not convinced the Iraq strategy is working, the daily says and concludes: Observers agree that the Iraq Report has done little to overcome the deep rifts between the White House and the Democratic majority in Congress. Centrist daily *Die Presse* meanwhile says that Gen. Petraeus' report will "support President Bush's Iraq course." After Petraeus' "evaluation, there will be no majority in Congress in favor of an immediate US troop pullout from Iraq. The *Presse* also suggests the White House may be "playing for time." In his address to the nation later this week, the US President will "use Petraeus' favorable evaluation of the US troop surge to demand more time for his Iraq policy - time until January 20, 2009, when the next US President will be sworn in and Bush will be rid of the problem once and for all."

IAEA in a Time Machine

18. ... is the headline of an analysis of the current round of International Atomic Energy Agency talks with Iran regarding a timetable for the disclosure of Tehran's' nuclear programs and capabilities.

Reporting on the IAEA's efforts to get Tehran to disclose its nuclear program, liberal daily *Der Standard* says the recently introduced "work plan" is to provide answers regarding the Iranian nuclear program, the details of which Tehran has kept secret for 18 years. Western representatives are now making a clear distinction between what was and what is still going on today, says the *Standard*. US Ambassador to UNVIE Gregory Schulte stressed at the beginning of the IAEA board of governors' meeting in Vienna this week that "even if Iran succeeds in shedding light on its past, the IAEA will still need to get an insight into the present."

McCaw